

Presentation to Joint Senate and House Finance Committees

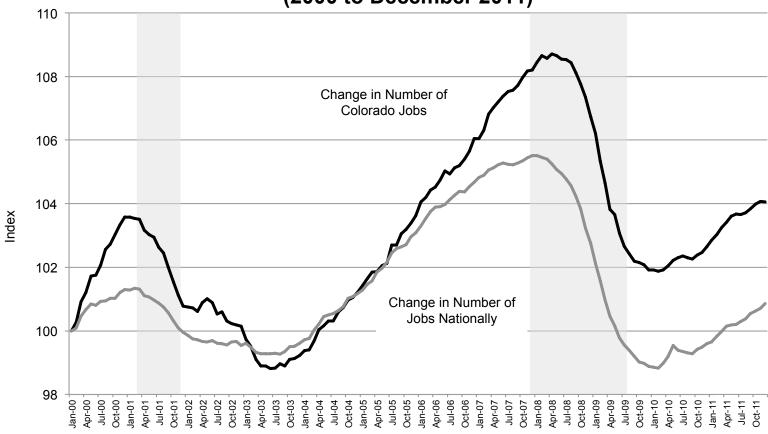
January 2012

Office of State Planning and Budgeting Henry Sobanet, Director www.colorado.gov/ospb



Change in Jobs Nationally and in Colorado

(2000 to December 2011)

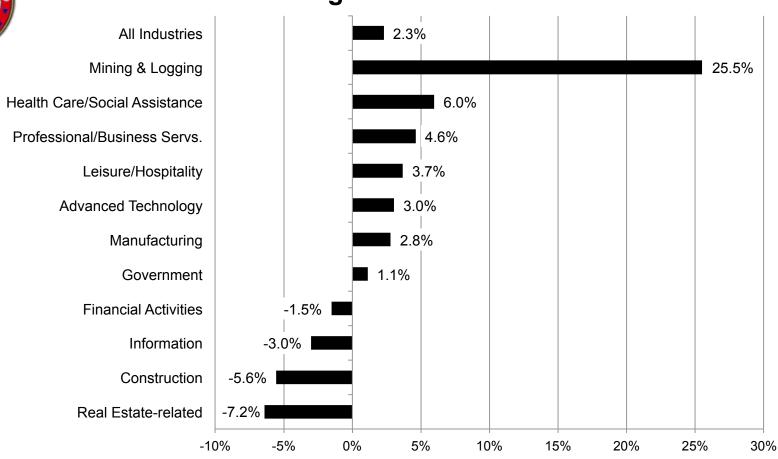


The graph compares the change in the number of jobs nationally and in Colorado since January of 2000. Index: January 2000=100 Source: U.S. Bureau of Labor Statistics.

Includes OSPB's estimates of forthcoming revisions to jobs data that are currently not published. The jobs figures will be rebenchmarked based on Quarterly Census of Employment and Wage data to more accurately reflect the number of jobs in the state than what was estimated based on a survey of employers.



Change in Jobs in Select Colorado Industries, January 2010 through December 2011

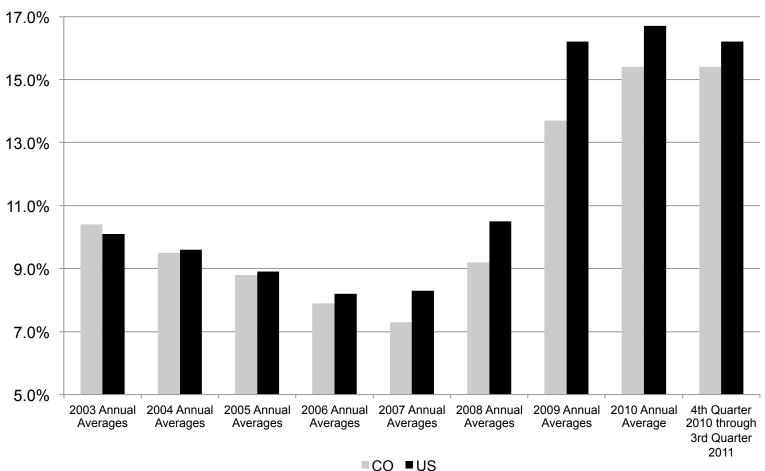


Source: U.S. Bureau of Labor Statistics.

Includes OSPB's estimates of forthcoming revisions to jobs data that are currently not published. The jobs figures will be rebenchmarked based on Quarterly Census of Employment and Wage data to more accurately reflect the number of jobs in the state than what was estimated based on a survey of employers.



"Underemployment" Rate, Colorado and U.S.

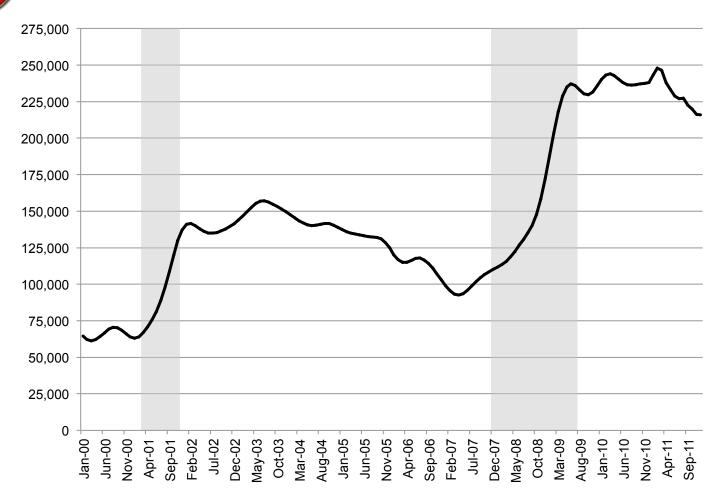


Source: U.S. Bureau of Labor Statistics.



Number of Unemployed Coloradans

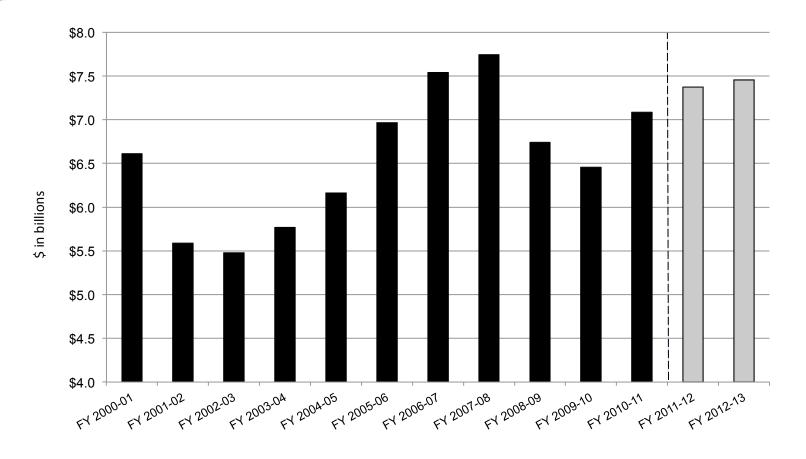
(2000 to December 2011)



Source: U.S. Bureau of Labor Statistics.



General Fund Revenue, FY 2000-01 to FY 2012-13 Actual and Forecast

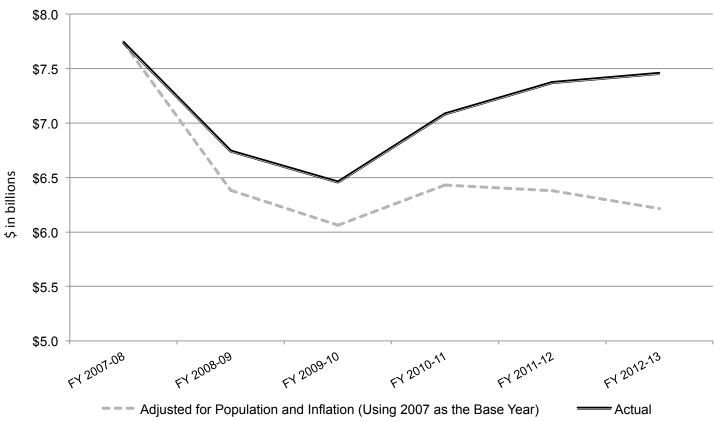


Source: Office of State Planning and Budgeting, December 2011 Forecast





General Fund Revenue, FY 2007-08 to FY 2012-13 Actual and Adjusted for Population and Inflation



Source: Office of State Planning and Budgeting, December 2011 Forecast





FY 2011-12 and FY 2012-13 requests, General Fund, by major category

		EV 2012 12	EV 2012 12 Changa	
	FY 2011-12 General Fund Request	FY 2012-13 General Fund Request	FY 2012-13 Change over FY 2011-12 Request	
K-12 Education	\$2,853,505,222	\$2,908,917,783	\$55,412,561	1.9%
Corrections	655,550,721	660,604,285	5,053,564	0.8%
Health Care Policy and Financing	1,723,742,812	1,855,539,095	131,796,283	7.6%
Higher Education	623,962,700	593,794,130	(30,168,570)	-4.8%
Human Services	616,552,980	637,893,581	21,340,601	3.5%
Other Departments	636,031,687	659,730,079	23,698,392	3.7%
Subtotal Departments	7,109,346,122	7,316,478,953	207,132,831	2.9%
Statewide Initiatives	0	19,118,572	19,118,572	N/A
Other GF Expenditures	149,990,202	167,663,585	17,673,383	11.8%
Total General Fund	7,259,336,324	7,503,261,110	243,924,786	3.4%





FY 2011-12 and FY 2012-13 requests, Total Funds, by major category

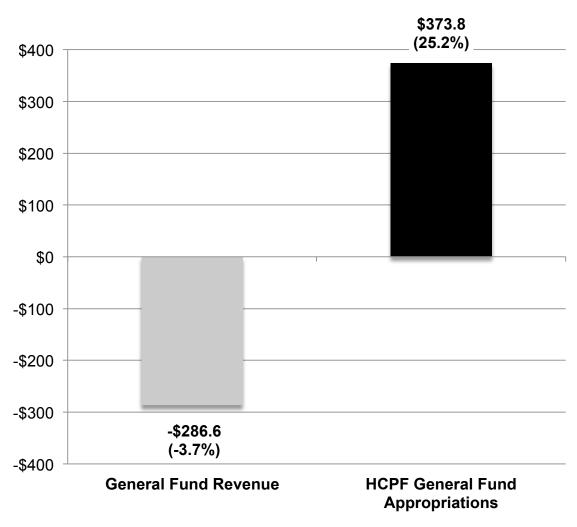
	FY 2011-12 Total Funds Request	FY 2012-13 Total Funds Request	FY 2012-13 Change over FY 2011-12 Request	FY 2012-13 % Change
Health Care Policy and Financing	\$5,164,470,866	\$5,437,711,508	\$273,240,642	5.3%
K-12 Education	4,333,866,244	4,279,222,157	(54,644,087)	-1.3%
Higher Education	2,892,793,211	2,835,062,996	(57,730,215)	-2.0%
Human Services	2,050,507,550	2,072,287,131	21,779,581	1.1%
Transportation	1,108,119,876	1,119,547,027	11,427,151	1.0%
Corrections	745,755,491	747,629,403	1,873,912	0.3%
Other Departments	3,401,240,214	3,467,348,017	66,107,803	1.9%
Subtotal Depts	19,696,753,452	19,958,808,239	262,054,787	1.3%
Statewide Initiatives	0	25,899,835	25,899,835	N/A
Other Expenditures	149,990,202	167,663,585	17,673,383	11.8%
Total Funds	19,846,743,654	20,152,371,659	305,628,005	1.5%





Change in General Fund Revenue and Spending on Medicaid, FY 2007-08 to FY 2012-13

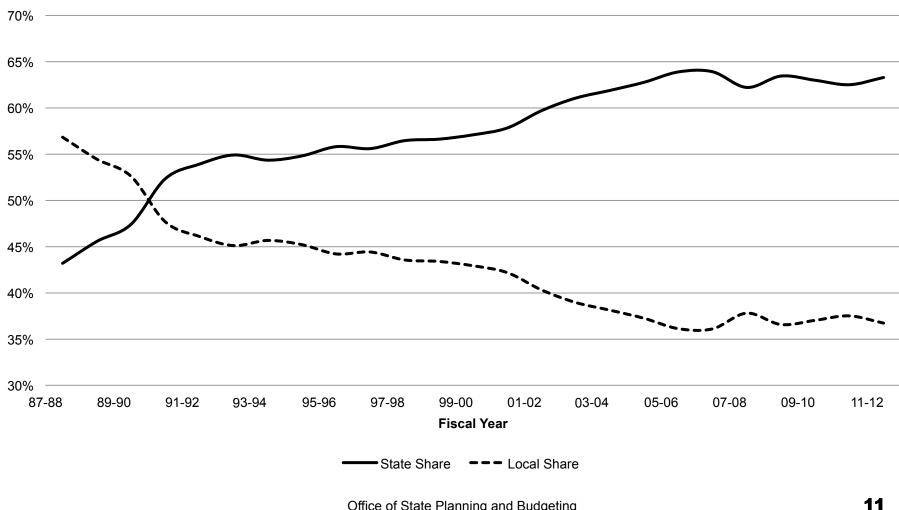
(estimates, in millions of dollars)







K -12 Shift from Local to State Funding







LEAN 101

- While Toyota is well known for its improvement systems, Taiichi Ohno, the creator of the Toyota Production System, claimed he learned from the Indy 500, Ford's River Rouge Plant, and American supermarkets.
- Toyota consolidated years of change management thinking into a systematic approach they could roll out to their factories and business processes worldwide.
- Lean can be defined as a systematic approach of continuous improvement, based on principles and tools used for the identification and elimination of waste.
 - □ Waste is disrespectful of humanity because it wastes scarce resources.
 - □ Waste is disrespectful of individuals because it asks them to do work with no value.
 - We have an obligation as an organization to undertake a systematic approach to continuous improvement to demonstrate respect for our customers and employees.
- A key Lean principle is to focus on providing what the customer needs through an effective and efficient business process, referred to as a value stream.





LEAN Program Plan

- The Lean Program launched in October 2011 with a contracted project budget of \$2,500,000 (ARRA SFSF). Activity through December totals \$293,971.
- To date, 84 projects have been identified as potential candidates for improvement, some of which are easily implemented (just-do-its). Initial areas of focus include processes dealing with:
 - Permitting (CDOT and CDPHE)
 - Procurement (OIT and DPA)
 - Parole Board hearings
 - Housing Choice Voucher Program (DOLA)
 - Unemployment Insurance (CDLE)
 - Filling positions and onboarding (DHS and CDPS)
- Goals through March 2013: the vendor will deliver 50 completed projects and state employees will deliver <u>at least</u> 30 additional projects, resulting in the analysis, mapping, and improvement of an estimated 80 individual processes.
- Departments will monitor and report outcomes for each project, including costs saved and avoided, time efficiencies gained for employees and citizens, as well as project-specific outcomes such as cycle times, customer queue times, and other relevant measures.
- We will provide project status and outcome data to the General Assembly and to the citizens of Colorado on a regular basis so that the efforts and achievements of the Lean Program remain transparent.





SMART Act Implementation

- OSPB Strategic Plan Instructions
 - Continue on foundation established by the Ritter Administration
 - All Executive Branch departments must draft strategic plans with minimum criteria:
 - A clear statement of the department's mission based on statutory directives and Governor's priorities;
 - A clear statement of the department's five-year vision, declaring the operational focus necessary for the department to reach its goals;
 - Broad-based performance goals/objectives for major functions of the department;
 - A description of associated measures for those goals/objectives;
 - Actual measures for the two preceding fiscal years, and targets for the current and upcoming year; and
 - > An evaluation of the department's success in meeting its critical objectives.





SMART Act Implementation

- OSPB Strategic Plan Instructions (continued)
 - Optional components of departments' strategic plans include:
 - Performance goals/objectives for subordinate, division-level functions of the department;
 - Associated measures for subordinate goals/objectives;
 - Actual measures of performance toward these subordinate objectives for the two preceding fiscal years, and targets for the current and upcoming year; and
 - > An evaluation of the department's success in meeting its subordinate objectives.
- OSPB Review of Strategic Plans
 - ✓ OSPB staff confirmed that the plans:
 - > Met minimum criteria for mission and vision statements;
 - Established goals/objectives for the department's critical priorities;
 - > Comprised performance measures that are outcome-oriented, meaningful, understandable, and challenging-but-realistic.





SMART Act Implementation

- OSPB Review of Strategic Plans (continued)
 - OSPB allowed departments to construct strategic plans independently, with minimal interference in the identification of priorities and progress measures.
 - When staff members identified significant deficiencies, they worked with departments to correct those deficiencies to the greatest degree possible.
 - Several departments remain in the process of creating new strategic plans or significantly revising existing strategic plans. The SMART act is spurring improvements and new levels of quality in the Departments' plans.

Next Steps

- As required by the SMART Act, OSPB will prepare a Statewide performance report, summarizing the strategic plans of all departments.
- During the interim, OSPB will undertake a comprehensive effort to standardize the content of departments' strategic plans;
- OSPB will continue to work with the Legislature and State Auditor to identify opportunities for improving departments' strategic planning activities and reporting.





FTE Reporting

- We have implemented a complete reform to FTE Reporting
 - The Hickenlooper Administration has placed a priority on improving the transparency in accounting for the number of full-time equivalent employees in the State.
 - We have worked with JBC staff to settle a long-standing and mutually frustrating debate about how to link the head-count of State employees with full-time equivalency.
 - After considering several options, we determined that FTE should be defined as a backward-looking assessment of compensated hours worked.
 - With a common definition, OSPB and the Executive Branch will increase the frequency with which FTE counts are reported to the General Assembly: